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**CONFIDENTIAL**

5 September 1947

MEMORANDUM FOR THE FILES

*General Counsel*

Subject: Appropriation Authorities and Audit Requirements - 1948 F.Y.

1. On 27 August a conference was held at which were Mr. Fisher, Assistant General Counsel to the Comptroller General, Mr. Johnson, Assistant Chief of the Audit Division, GAO, [redacted] Assistant Chief, Budget & Finance Branch, CIG, and Mr. Houston, General Counsel, CIG.

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2. The object of the conference was to settle questions concerning the authorities to incur obligations and certify vouchers in connection with funds transferred to the Common Working Fund for CIG. For the fiscal year of 1948, Congress specified confidentially

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3. The CIG representatives at the conference stated their position, that in effect there were no controls or limitations imposed by law on the money transferred to the Working Fund, inasmuch as the Director could certify to all expenditures on an unvouchered basis, or could sign every voucher, or approve regular procurements in advance which according to the appropriation language, would be binding on the GAO auditors. Mr. Fisher concurred, pointing out that theoretically any of the Secretaries could have drawn a check for the full amount involved in his department, and could have given such a check to the Director of CIG to spend as he saw fit without accounting. The CIG representatives then stated that the Director wished to put as much of the money available to him as possible on a normal vouchered basis. This would permit regular audit of vouchered expenditures by the GAO under its special arrangement with CIG.

4. The GAO auditors concerned with the site audit of CIG accounts had raised the question whether, since the heads of the departments were required to certify all vouchers under the Appropriations Acts, and the law restricting funds (31 U.S.C. 675) the Director CIG

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all vouchers on both types of funds or would have to delegate the authority to specified subordinates. The impracticability of such a procedure was pointed out and CIG proposed that there be no further delegations inasmuch as specific delegations of authority to obligate funds have been made and the officers certifying the vouchers on regular funds were properly designated by the Director. It was suggested that as a practical matter, these were sufficient delegations for all normal vouchered expenditures. Mr. Fisher agreed that this was a practical approach and Mr. Johnson said there would be no objection to this proposal on his part.

25X1 b. [ ] said that he proposed to operate under the general authorities of the Appropriation Acts concerned, but similarly would consider himself limited by statutes of general application and general provisions of other appropriation acts, where not otherwise excepted or limited. Again Mr. Fisher and Mr. Johnson acknowledged this proposal as a practical and proper procedure. 25X1 [ ] pointed out that under this theory the fund would not be controlled by a 3-way breakdown on the books, but would be considered one fund, to be administered as an entity. Mr. Johnson asked what would happen if money remained at the end of the fiscal year for return to the appropriation. [ ] 25X1 [ ]

25X1 [ ] said that probably this was technically quite wrong but seemed perfectly reasonable and Mr. Johnson concurred in view of the fact that there would be no way of accurately determining or maintaining a record of the amount properly returnable to each appropriation.

5. It is believed that this discussion clears the way for continuance of fiscal operations for the year 1948 in the same manner as for 1947. Since there were no specific limitations for the 1948 year, CIG has in effect, limited itself to conform as nearly as possible to normal Government procedures. Mr. Fisher said he believed CIG did well so to limit itself in view of the fact that close scrutiny would probably be given by Congress to the manner of providing funds in the future and CIG has put itself in a good position. He said that the CIG proposal probably gave them more than GAO could legally have required for the fiscal year 1948, although he pointed out the obvious basic truth, that CIG could have been in operation at all without Comptroller General and the General Ac 25X1

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